

PROVINCE OF SASKATCHEWAN



07-08

ANNUAL REPORT

**PUBLIC SERVICE
SUPERANNUATION BOARD**

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This annual report is available in electronic format at www.peba.gov.sk.ca

Letter of Transmittal



His Honour, The Honourable Dr. Gordon L. Barnhart
Lieutenant Governor of Saskatchewan

Dear Sir:

I have the honour to submit herewith the eighty-first Annual Report of the Public Service Superannuation Board, together with the financial statements, for the fiscal year ending March 31, 2008, pursuant to the provisions of Section 69 of *The Public Service Superannuation Act*.

I have the honour to be, Sir,

Your obedient servant,

A handwritten signature in dark ink, appearing to read 'Rod Gantefer'.

Rod Gantefer
Minister in Charge
Public Service Superannuation Board

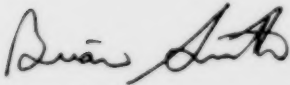
Letter of Transmittal

The Honourable Rod Gantefer
Minister in Charge
Public Service Superannuation Board

Sir:

On behalf of the Public Service Superannuation Board, I have the honour to present herewith the eighty-first Annual Report of the Public Service Superannuation Board for the fiscal year ended March 31, 2008.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Brian Smith", with a stylized flourish at the end.

Brian Smith
Assistant Deputy Minister
Public Employees Benefits Agency

The Public Service Superannuation Board

The Public Service Superannuation Plan

Introduction

The primary purpose of the Public Service Superannuation Board (Board) is to provide pension benefits to employees in the event of retirement and secondarily in the event of termination of employment. The Public Service Superannuation Plan (Plan) also provides benefits to the dependents of deceased employees and superannuates in the event of death either prior, or subsequent, to retirement.

The Plan is governed by *The Public Service Superannuation Act*, which came into being on May 1, 1927. The Act also governs employees of The Anti-Tuberculosis League and the Saskatchewan Transportation Company.

The Plan was closed to new members as of October 1, 1977, so the Plan is considered a mature plan with the amount of benefit payments increasing each year.

Administration

The Board, which consists of three members appointed by the Lieutenant Governor in Council, is responsible for the administration of *The Public Service Superannuation Act*. At March 31, 2008, the Board was composed of the members listed in *Table 1.1*.

The Public Employees Benefits Agency (PEBA) has responsibility for the operation, administration and management of several superannuation plans and other employee benefits programs. Administration of the Public Service Superannuation Plan is carried out by PEBA.

Public Service Superannuation Board Members

| | |
|------------------|--------|
| Brian Smith | Chair |
| Richard McKillop | Member |
| Carolyn Salloum | Member |

Table 1.1

Operation of the Plan

The Plan is a defined benefit pension plan, which provides a benefit based on an employee's highest earnings during specified periods taking into consideration their total years of service to a maximum of 35 years. Currently employees who are contributing to the Plan make contributions at a rate of 7%, 8% or 9%, depending on their age when they entered the Plan. This contribution is offset by an amount equal to 1.8% of their pensionable earnings between the Year's Basic Exemption and Year's Maximum Pensionable Earnings as defined on an annual basis by the Canada Pension Plan.

Any deficiencies in the Plan are paid out of the General Revenue Fund and are the responsibility of the Government of Saskatchewan. For the most part the Plan is unfunded, although some monies are held in the Saskatchewan Transportation Company Employees Superannuation Fund.

Table 1.2 shows the number of active and retired employees in the Plan as of the current and prior year-ends.

| Active and Retired Employees | | | | | | |
|------------------------------|----------------|-----------|------------|----------------|-----------|------------|
| | March 31, 2008 | | | March 31, 2007 | | |
| | PSSP | Anti-TB | STC | PSSP | Anti-TB | STC |
| Active Employees | 1,147 | 0 | 9 | 1,302 | 2 | 13 |
| Inactive Members | 109 | 3 | 5 | 119 | 2 | 6 |
| Retired Employees* | 5,721 | 66 | 126 | 5,719 | 76 | 126 |
| | 6,977 | 69 | 140 | 7,140 | 80 | 145 |

*Includes superannuates, plus their dependants now in receipt of a survivor pension.

Table 1.2

Strategic Initiatives

The Board has a multi-year strategic plan developed in 2006-2007.

The strategic plan allows the Board to focus on making key decisions that set a clear direction for the future of the Plan. Annual reports are used to assess overall progress toward goals and initiatives and to adjust future plans and activities.

The strategic plan sets out initiatives and activities in the following areas:

- Effective Service Delivery and Communications,
- Plan Governance,
- Accountability, and
- Risk Management.

This annual report is the first to provide reporting on accomplishments and planned activities under each of these initiatives.

Strategic Initiatives

A. Effective Service Delivery and Communications

Given the mature nature of the Plan, there has not been nor is there anticipated to be a pressing need to alter the terms of the plan prior to the retirement of the remaining active members. Changing technologies and changing expectations among the Plan's retired members, however, may require the Board to alter the Plan's service delivery and plans for communications from time to time.

The Board recognizes effective service delivery is dependent upon a solid communications framework. Therefore, the Board has determined there is a need to maintain good communications with employers and members.

The focus of service delivery has been primarily on the remaining active and inactive members of the Plan until such time as all or substantially all of the active members have retired, when the primary focus will shift to service delivery to retired members.

The initial focus has been on:

- developing and implementing a communications plan;
- responding to member and employer needs and preferences;
- determining best practices within the industry;
- determining opportunities to provide active and inactive members with relevant information to make informed decisions; and
- improvements to the efficiency of service delivery to members and employers.

Effective Service Delivery and Communications Activities

Activities Planned and Accomplished in 2007-2008

- *Identify communications resources and core audience for PSSP communication.*

PSSP hired a Customer Focus Coordinator to focus on providing member and employer meetings and assisting in employer training.

- *Enhance the annual report.*

This annual report is the first to report on accomplishments and planned activities under each of the Plan's strategic initiatives.

- *Implement and review the communication strategy.*

The communication strategy for the Plan was reviewed, and no changes were identified.

PEBA will continue to provide annual

statements to members as per the performance standards set by the Board.

Information on the website is reviewed on an ongoing basis, and updates are made as needed.

- *Review and amend (if necessary) the administration service standards.*

The administration standards were reviewed, and no changes were identified for this year.

The standards are listed in Appendix 'A'.

- *Propose administrative amendments to The Superannuation (Supplementary Provisions) Act.*

Amendments were proposed in March 2007.

Strategic Initiatives

A. Effective Service Delivery and Communications

- *Other activities:*

Four retirement information sessions were held for three employers between February 2007 and March 2008 in Regina and Prince Albert.

Members and retirees received a newsletter in November 2007 with information on the end of mandatory retirement, guaranteed indexing of pensions, pension income splitting and adding a new spouse after retirement.

| Activities Planned for 2008-2010 |
|--|
| <ul style="list-style-type: none">• <i>Reassess focus of communications strategy and service delivery efforts.</i> |

Strategic Initiatives

B. Plan Governance

The Board developed its governance practices and policies and will continue to implement and maintain its governance program.

As part of sound governance of the Plan, the Board has been pursuing these initiatives:

- To conduct a periodic assessment of the Plan's governance, and take such actions as may be desirable or necessary for the Board to best discharge its fiduciary responsibilities; and,
- To continue to develop the knowledge and skills of Board members through continuing education.

Plan Governance Activities

Activities Planned and Accomplished in 2007-2008

- *Implement identified changes (if any) required in the governance process.*

The board reviewed and updated the Governance Self-Assessment Questionnaire Work Plan in December 2007.

- *Conduct annual assessment of the Plan governance program.*

The CAPSA Governance Self-Assessment Questionnaire for 2007-2008 was presented to the Board in March 2008.

- *Assess the existing reporting structure.*

The Periodic Checklist was revised to reflect factual changes to the reporting structures within PEBA at the Board's meeting on December 6, 2007.

- *Request plan management to review the adequacy and completeness of information reported to the Board.*

The Board received an amendment to its Governance Manual to include information the Board is to receive from its service providers at its meeting on March 31, 2008.

Activities Planned for 2008-2010

- *Implement identified changes (if any) required in the governance process;*
- *Conduct annual assessment of the plan governance program; and,*
- *Review and update the Board's strategic business plan.*

Strategic Initiatives

C. Accountability

Effective Plan management requires a strong focus on accountability, the basis of which is the establishment of measurable objectives and the monitoring of progress against these objectives.

The Board and its service providers:

- Review current operation and plan management standards and further develop these as necessary, consistent with the Board's fiduciary responsibilities;
- Ensure there are adequate programs in place to allow the Board to monitor results in relation to the established standards;
- Identify and implement ways to continue to improve the transparency of Plan operations and the activities and decisions of the Board itself; and,
- Develop and seek necessary approvals of policies and procedures for resolving disputes that may arise in the operation of the Plan.

Accountability Activities

Activities Planned and Accomplished in 2007-2008

- *Continue identification and implementation of ways to improve the transparency of plan operations and the activities and decisions of the Board itself.*

The Board's mission statement was added to the Plan website in June 2007.

The Board's member complaints process was added to the Plan website in June 2007.

Activities Planned for 2008-2010

- *Continue identification and implementation of ways to improve the transparency of plan operations and the activities and decisions of the Board itself.*

Strategic Initiatives

D. Risk Management

Effective governance requires a strong focus on risk management, the basis of which is the identification and quantification of risks and the development and implementation of effective strategies to manage the risks.

The Board and its service providers will:

- Continue to identify and analyze the risks the Plan and Board face; and,
- Assess the effectiveness of the risk management techniques that are in place and implement such changes as necessary.

Risk Management Activities

| Activities Planned and Accomplished in 2007-2008 | Activities Planned for 2008-2010 |
|--|---|
| <ul style="list-style-type: none">• <i>Conduct an annual risk management assessment and develop and implement a plan to close any significant gaps in the Board's risk management strategy.</i> <p>The Board reviewed its risk management plan for 2006-2007 and approved its Risk Management Plan for 2007-2008 at its meeting on June 21, 2007.</p> <ul style="list-style-type: none">• <i>Conduct an investment review.</i> <p>An investment policy review was conducted for the Plan in June 2007.</p> | <ul style="list-style-type: none">• <i>Conduct an annual risk management assessment.</i>• <i>Conduct an investment review.</i> |

Investments

Investment Performance

The Minister of Finance is responsible for holding in trust and investing the monies in the Saskatchewan Transportation Company Employees Superannuation Fund (Fund). The Minister has delegated these responsibilities to the Public Service Superannuation Board, who in turn have retained the services of Greystone Capital Management Inc. to be the investment manager.

The investment manager makes the day-to-day decision of whether to buy or sell specific investments in order to achieve the long-term investment performance goals set out by the Board in their Statement of Investment Policies and Goals for the Fund.

The Fund's long-term investment performance objective is to outperform a benchmark portfolio constructed as shown in *Table 1.6*.

| Benchmark Portfolio | | |
|------------------------|--------------------------------|-------------|
| Asset Class | Market Index | Weight |
| Canadian | S&P/TSX Capped Composite Index | 15% |
| US | S&P 500 Index | 10% |
| Non-North American | MSCI EAFE Index | 10% |
| Fixed Income Bonds | DEX Universe Bond Index | 60% |
| Short-Term Investments | DEX 91 Day T-Bill Index | 5% |
| Total | | 100% |

See Appendix 'B' for a description of market indices.

Table 1.6

The objective of the Fund is to achieve a return that is equal to or greater than the return achieved from this benchmark portfolio over a rolling four-year period.

It is against this objective that the Board assesses the performance of the investment manager.

The performance history of the Fund as of March 31, 2008 is shown in *Table 1.7*.

| Fund Performance | | |
|------------------|---------------|------------------------|
| | 1-Year Return | Rolling 4-Year Average |
| Fund Return | 1.57% | 7.09% |
| Benchmark Return | 1.26% | 6.21% |

Table 1.7

Plan Expenditures and Statistics

Benefit Payments

During the plan year, benefit payments are made in accordance with the Plan rules due to retirement of employees, termination of employment and death benefits – either due to death of an employee or a superannuate.

Annual pensions are calculated as two per cent of a member's average salary during the five years of highest salary, multiplied by the total number of years of service to a maximum of 35 years. At age 65, members' pensions are reduced due to integration with the Canada Pension Plan.

In the year ended March 31, 2008, PSSP paid a total of \$110.6 million in benefits to pensioners, including retired employees of the Saskatchewan Transportation Company and the Anti-Tuberculosis League.

Contributions to the Plan

In accordance with the contribution schedules, employee contributions to the Plan during the year totaled \$3,761,000. This compares to \$4,256,000 as of the previous fiscal year end. In addition, employer contributions were made to the Plan during the year, totaling \$999,000, a decrease from \$1,130,000 the previous year.

| Table Summary* | | March 31, 2008 | March 31, 2007 |
|----------------|---|----------------|----------------|
| Table 1 | Attained Age 65 | 14 | 8 |
| Table 2 | Attained Age 60 - with reduction | - | - |
| Table 3 | Attained Age 60 - no reduction | 46 | 38 |
| Table 4 | Attained 35 years of Service | 92 | 60 |
| Table 5 | Age 55 and 30 years service - reduced pension | 12 | 9 |
| Table 6 | Ill Health Pension | - | - |
| Table 7 | Granted Deferred Allowance | - | - |
| Table 8 | Deferred Allowance now Payable | 6 | 1 |
| Table 9 | Early Retirement Allowance | - | - |
| Table 10 | Deceased Employees | 3 | 8 |
| Totals | | 173 | 124 |

* Tables on pages 15-22.

Table 1.3

Plan Expenditures and Statistics

The following summaries show the total number of death benefits paid on behalf of superannuates who died during the year and benefits upon termination of employment other than retirement.

| Death Benefit Summary | | |
|-------------------------------|----------------|----------------|
| | March 31, 2008 | March 31, 2007 |
| Superannuate Survivor Pension | 77 | 88 |
| Superannuate Cash Benefit | 1 | 2 |
| Totals | 78 | 90 |

Table 1.4

| Termination of Employment Summary | | |
|-----------------------------------|----------------|----------------|
| | March 31, 2008 | March 31, 2007 |
| Cancel Deferred | 1 | - |
| Termination of Membership | 3 | 3 |
| Reciprocal Transfers | 0 | - |
| Totals | 4 | 3 |

Table 1.5

Public Service Superannuation Plan

Tables

The following tables show all employees who retired during the year, including employees of the Saskatchewan Transportation Company and the Anti-Tuberculosis League.

The tables are divided by category of retirement and include employees who terminated and elected retirement at a future date, as well as those who died during the year.

Tables

Table 1

Employees Retired Having Attained the Age of Retirement - Age 65

| Name | Position | Last Monthly Salary | Age |
|-----------------------|----------------------------------|---------------------|-----|
| Chaudhry, Zubaida A. | Psychiatrist | 121.3604/hour | 67 |
| Gransmore, Jan S. | Dietary Aide | 2,650.37 | 65 |
| Kuntz, Earla | Admin. Assistant-Level 3 | 4,528.99 | 65 |
| Lavoie, Ernest J. | Equipment Operator Level 5 | 3,608.41 | 65 |
| Moffat, David G. | Equipment Operator Level 5 | 3,469.61 | 65 |
| Peterson, Florence J. | Office Admin. Level 5 | 3,550.21 | 65 |
| Phillips, Monika | Purchasing Clerk | 3,224.52 | 65 |
| Pitchko, Christine O. | Admin. Officer Level 1 | 1,334.00 | 65 |
| Reich, Daniel E. | Tax Auditor Level 11 | 5,977.30 | 65 |
| Schwindt, Alberta | Park Labourer | 367.45/wk | 65 |
| Shanner, Robert G. | Facilities Planner Level 10 | 6,355.44 | 65 |
| Stehr, Wilfred | Equipment Operator Level 3 | 3,031.36 | 65 |
| Straub, Kenneth E. | Instructor-Instrumentation Tech. | 5,938.40 | 65 |
| Werchola, Melvin | Equipment Operator Level 6 | 3,747.38 | 65 |

Table 2

Employees Retired at Their Option After Age 60 - With Reduction

| Name | Position | Last Monthly Salary | Age |
|------|----------|---------------------|-----|
| none | | | |

Table 3

Employees Retired at Their Option After Age 60 - No Reduction

| Name | Position | Last Monthly Salary | Age |
|----------------------|----------------------------------|---------------------|-----|
| Adilman, Donald G. | Mechanic Level 1 | 4,264.20 | 60 |
| Beach, Harold R. | Equipment Maintenance Level 8 | 4,371.03 | 61 |
| Bellows, Ralph L. | Livestock Inspector Level 7 | 4,209.09 | 60 |
| Bennett, Richard Wm. | Assessment Geologist Level 5 | 6,620.00 | 60 |
| Beutler, Donald A. | Equipment Operator Level 5 | 3,469.61 | 60 |
| Boyko, Mytro | Supervisor of Operations Level 8 | 4,371.03 | 60 |
| Cole, Kenneth L. | Assessment Appraiser | 4,000.78 | 60 |
| Draper, Robert D. | Facilities Planner Level 10 | 6,275.88 | 60 |
| Dube, Florence R. | Horticulturalist Level 3 | 3,102.05 | 60 |

continued

Tables

Table 3

Employees Retired at Their Option After Age 60 - No Reduction (continued)

| Name | Position | Last Monthly Salary | Age |
|-----------------------|--------------------------------|---------------------|-----|
| Dueck, Jacob G. | Engineering Assistant Level 10 | 5,288.94 | 62 |
| Farago, Donald A. | Nurse Level 3 | 5,085.75 | 62 |
| Fialkowski, Wenzel P. | Fire Tower Watcher Level 4 | 2,963.39 | 60 |
| Finkbeiner, Norman D. | Heavy Duty Mechanic Level 8 | 4,371.03 | 60 |
| Fletcher, Marilyn J. | Instructor | 5,111.43 | 60 |
| Forrest, David J. | Deputy Rentalsman | 7,728.00 | 60 |
| Gromnisky, Gerald M. | Property Agent Level 1 | 3,338.00 | 60 |
| Hayes, Lyle J. | Sport Consultant Level 9 | 4,417.60 | 60 |
| Hodel, Allan | Ticket Office Co-ordinator | 3,774.25 | 60 |
| Johnson, Alexina M. | Labourer | 2,171.76 | 63 |
| Kaschl, Robert D. | Engineering Assistant Level 10 | 5,110.02 | 60 |
| Krupski, Jane M. | Secretary Level 4 | 3,098.16 | 60 |
| Linner, Jessie J. | Nursing Instructor | 4,033.70 | 60 |
| McIntosh, Marilyn M. | Admin. Co-ordinator Level 5 | 3,089.88 | 60 |
| McWilliams, R. Grant | Management Level 8 | 7,123.04 | 64 |
| Melnyk, Fredrick | Equipment Op. Supervisor L.8 | 4,371.03 | 62 |
| Molberg, Gary | Tax Specialist | 8,208.34 | 60 |
| Morton, Patricia A. | Clerk Typist | 2,937.56 | 60 |
| Myshchyshyn, Raymond | Journeyman Welder Level 8 | 4,015.72 | 60 |
| Ogrodnick, Irene | Clerk Level 3 | 3,040.13 | 60 |
| Parkyn, Donald W. | Engineering Assistant Level 1 | 2,746.00 | 60 |
| Pawlyshyn, Walter B. | Equipment Operator Level 3 | 1,468.42 | 60 |
| Perrin, Reed N. | Labourer | 2,412.00 | 63 |
| Peters, Clarence C. | Agrologist Level 12 | 6,400.02 | 61 |
| Pho, Donald J. | Director of Administration | 7,725.47 | 64 |
| Reilly, Kenneth C. | Corrections Worker Level 9 | 4,807.98 | 60 |
| Renner, Gary D. | Draftsperson Level 7 | 3,902.65 | 61 |
| Roming, Carolynne M. | Probation Worker Level 9 | 4,807.98 | 60 |
| Sehn, Glen Edward | Maintenance | 2,101.00 | 60 |
| Sellers, Betty J. | Nurse A | 5,352.70 | 60 |
| Stinson, Gary C. | Program Head Welder | 5,769.53 | 60 |
| Strankay, Murray R. | Instructor | 6,431.66 | 61 |
| Theede, Douglas A. | Professional Level 7 | 5,411.00 | 60 |
| Thorsen, Donald L. | Assembly Manager | 3,000.00 | 60 |

continued

Tables

Table 3

| Employees Retired at Their Option After Age 60 - No Reduction (continued) | | | |
|--|---------------------------|----------------------------|------------|
| Name | Position | Last Monthly Salary | Age |
| Warner, Edna J. | Administrator Level 8 | 4,836.47 | 63 |
| White, Ian | Housing Consult. Level 12 | 6,400.02 | 60 |
| Wilm, William F. | Pasture Manager Level 5 | 3,469.61 | 63 |

Table 4

| Employees Retired at Their Option With 35 Years Service | | | |
|--|----------------------------------|----------------------------|------------|
| Name | Position | Last Monthly Salary | Age |
| Andersen, Joan S. | Secretary, Level 5 | 3,345.73 | 55 |
| Anweiler, Linda M. | Income Security Worker Level 11 | 5,207.44 | 58 |
| Bahm, Leonard J. | Equipment Operator Level 8 | 3,897.02 | 53 |
| Bodnarchuk, Terrence | Equipment Operator Level 5 | 4,371.03 | 55 |
| Bogard, Peter J. | Management Level 7 | 6,781.96 | 57 |
| Boyd, John F. | R. PD. DR Labour | 9,724.06 | 61 |
| Brewster, David A. | Director | 8,245.98 | 57 |
| Cameron, V. Ken | Social Worker Level 9 | 8,500.93 | 55 |
| Campbell, Gordon C. | Corrections Worker Level 11 | 5,621.23 | 55 |
| Cann, Richard W. | Corrections Worker Level 9 | 4,807.98 | 50 |
| Cherneski, Linda R. | Manager, Mental Health | 4,657.42 | 53 |
| Chorney, Mervin | Equipment Operator Level 5 | 3,469.61 | 55 |
| Chuey, Elaine J. | Secretary Level 4 | 2,917.50 | 55 |
| Colbow, Madeleine | Judicial Officer Level 7 | 3,902.65 | 57 |
| Cote, Brenda J. | Director-Business Development | 8,251.16 | 54 |
| Dean, Brian | Engineering Assistant Level 10 | 5,288.94 | 55 |
| Dove, Judith R. | Management Support Level 8 | 3,831.98 | 53 |
| Dusyk, Charlotte G. | Accountant Level 10 | 5,977.31 | 53 |
| Erhardt, Wayne L. | Mailroom Supervisor | 3,479.58 | 53 |
| Favelle, Edward J. | Engineering Assistant Level 8 | 4,371.03 | 53 |
| Fedoruk, Arnold M. | Radio Technician Level 8 | 3,948.31 | 57 |
| Fehr, Garry M. | Equipment Maintenance L. 10 | 5,288.94 | 55 |
| Fletcher, Gordon D. | Director Petroleum Royalties | 8,807.00 | 57 |
| Fyrk, N. George | Regional Manager Level 6 | 5,819.50 | 57 |
| Gooliaff, Cecil B. | Social Work Management L. 7 | 7,026.98 | 57 |
| Hanchuk, Roy W. | Store Keeper Level 7 | 4,141.16 | 58 |
| Hart, Brian E. | Information Technologist Level 9 | 5,030.38 | 57 |

continued

Tables

Table 4

Employees Retired at Their Option With 35 Years Service (continued)

| Name | Position | Last Monthly Salary | Age |
|-----------------------|-------------------------------------|---------------------|-----|
| Haydalo, Elwood F. | Community Mental Health Nurse 3 | 6,360.80 | 56 |
| Haydalo, Renee M. | Nurse Level 3 | 5,995.58 | 55 |
| Heisler, Marjorie M. | IT Analyst Level 11 | 6,187.90 | 55 |
| Heshka, Wayne S. | Instructor | 5,193.91 | 59 |
| Hollaczek, Herbert C. | Equipment Maintenance L. 10 | 5,288.94 | 61 |
| Holloway, Bruce V. | Highway Traffic Officer Level 9 | 4,766.24 | 55 |
| Hudey, Cherie E. | Laundry Worker Level 1 | 2,749.38 | 59 |
| Ivanochko, Robert Wm. | Librarian Level 9 | 4,636.32 | 63 |
| Jijian, Barry D. | Office Administrator Level 8 | 4,072.38 | 58 |
| Johnson, Erva C. | Nurse C | 4,406.09 | 63 |
| Johnson, Rhonda C. | Customer Service Rep. | 3,536.21 | 53 |
| Johnson, William C. | Professional Level 6 | 6,453.89 | 57 |
| Kinnear, John D. | Mgmt Class Plan Level 7 | 7,026.98 | 57 |
| Klyne, Stewart L. | Engineering Assistant Level 8 | 4,371.03 | 56 |
| Kulyk, Larry A. | Mgmt Plan Level 5 | 5,097.05 | 55 |
| Kuntz, Martin J. | Projects Manager Level 6 | 5,945.04 | 56 |
| Lacoursiere, Laura M. | Director of Administration Level 11 | 8,441.75 | 57 |
| Laplane, Ronald D. | Engineering Assistant Level 8 | 4,223.16 | 57 |
| McCabe, James | Forester Level 3 | 3,211.26 | 58 |
| McDougald, Beverly J. | Accounting Clerk Level 5 | 3,345.73 | 56 |
| McGough, Bruce | Equipment Operator Level 5 | 3,608.41 | 54 |
| McKay, Gerald W. | Probation Officer Level 9 | 4,807.98 | 61 |
| McMillan, Murray R. | Mental Health Nurse | 5,833.41 | 58 |
| Meehan, Gerald R. | Grounds Keeper Level 6 | 3,816.99 | 59 |
| Misselbrook, Brian M. | Printing Technician | 3,741.75 | 58 |
| Moen, Dale L. | Plan & Policy Analyst | 4,537.10 | 55 |
| Montgomery, Donald G. | Nurse Level 10 | 5,085.75 | 55 |
| Mullis, Dennis G. | Corrections Worker Level 8 | 4,371.03 | 56 |
| Munshaw, Linda M. | Instructor | 5,441.76 | 57 |
| Murphy, Allan R. | Engineering Assistant Level 10 | 4,605.12 | 59 |
| Nelson, Gordon B. | Equipment Op. Supervisor L.8 | 4,545.91 | 59 |
| Newberry, Charlene | IT Level 10 | 6,488.66 | 54 |
| Ochitwa, Terry V. | Equipment Operator Level 5 | 3,469.61 | 58 |
| Olson, Adrian R. | Storeperson | 2,778.36 | 57 |
| Olson, Conrad | Research Officer Level 11 | 5,610.24 | 53 |
| Olson, Linda G. | Nurse A | 5,352.70 | 54 |

continued

Tables

Table 4

Employees Retired at Their Option With 35 Years Service (continued)

| Name | Position | Last Monthly Salary | Age |
|------------------------|----------------------------------|----------------------------|------------|
| Osicki, Edward J. | Engineering Assistant Level 8 | 4,223.16 | 60 |
| Parenteau, Raymond P. | Equipment Operator Level 5 | 3,469.61 | 55 |
| Pasloski, Edwin R. | Internal Auditor Level 6 | 5,945.04 | 61 |
| Poderson, Joan A. | Assistant Deputy Minister | 11,316.05 | 58 |
| Percy, Maurice D. | Equipment Operator Level 8 | 4,371.03 | 56 |
| Perrins, Daniel J. | Deputy Minister to the Premier | 16,573.00 | 62 |
| Piper, Donald | Business Consultant Level 9 | 4,807.98 | 57 |
| Pirlot, William | Audit Manager Level 13 | 7,039.68 | 55 |
| Porter, Brian J. | Agrologist Level 12 | 6,400.02 | 59 |
| Rakochoy, Joseph | Director, Financial Programs | 7,769.00 | 61 |
| Rodych, Victor A. | Draftsperson Level 6 | 3,613.58 | 57 |
| Rusconi, Garth D. | Management Level 12 | 9,890.05 | 59 |
| Russell, Gerald N. | Officer/Investigator Level 8 | 4,545.91 | 58 |
| Schaitel, Marvin R. | Materials Management Co-ord. | 5,331.34 | 60 |
| Seghers, Allan H. | Management Level 6 | 5,945.04 | 53 |
| Seidler, Theresa L. | Corrections Worker Level 11 | 6,050.75 | 59 |
| Silzer, Kenneth J. | Corrections Worker Level 9 | 4,807.98 | 56 |
| Simpson, Ronald J. | Management Level 10 | 9,352.06 | 55 |
| Sing Chin, Gerald | Research/Policy Officer Level 13 | 6,788.34 | 60 |
| Solomon, Stanley | Driver Examiner 2 | 4,717.00 | 63 |
| Spedding, James T. | Equipment Operator | 3,267.40 | 56 |
| Springinatic, Marie A. | Management Level 3 | 4,528.99 | 54 |
| Stoebich, Edward J. | Equipment Operator Level 5 | 3,469.61 | 55 |
| Varcoe, Morris J. | Land Negotiator Level 8 | 5,333.92 | 63 |
| Walton, Douglas G. | Research Specialist Level 12 | 6,117.70 | 60 |
| Wilson, Bruce W. | Deputy Minister | 12,130.00 | 57 |
| Yanick, Tony A. | Open Custody Manager Level 9 | 8,449.01 | 57 |
| Yeaman, Faye D. | Co-ordinator Level 5 | 5,807.00 | 55 |
| Yeaman, Keith A. | Corrections Worker | 6,050.75 | 55 |

Tables

Table 5

| Employees Retired After Age 55 with Minimum 30 Years Service - Reduced | | | |
|---|--------------------------------|----------------------------|------------|
| Name | Position | Last Monthly Salary | Age |
| Belter, Larry G. | Super. Equipment Op. Level 8 | 4,545.91 | 58 |
| Blenkin, Laverna J. | Purchasing Clerk Level 7 | 4,541.47 | 57 |
| Brown, Donald M. | Prosecutor | 12,448.00 | 58 |
| Bullock, William J. | Group Activities Aide Level 4 | 3,197.50 | 55 |
| Carlson, Richard | Education Co-ordinator Level 9 | 4,807.98 | 57 |
| D'Aoust, Francine | Management Level 8 | 7,728.00 | 57 |
| Empey, James T. | Equipment Operator Super. L.8 | 4,223.16 | 55 |
| Lepp, Marie A. | Office Administrator Level 5 | 3,608.41 | 59 |
| Ochitwa, Paul O. | Manager, Level 7 | 7,026.98 | 56 |
| Sherman, Beverley W. | Equipment Operator Level 5 | 3,608.41 | 58 |
| Viminitz, David J. | Director of Operations | 5,193.91 | 59 |
| Werchola, Delores | Community Youth Worker Level 9 | 4,487.45 | 56 |

Table 6

| Employees Retired on Grounds of Ill Health | | | |
|---|-----------------|----------------------------|------------|
| Name | Position | Last Monthly Salary | Age |
| none | | | |

Table 7

| Employees Granted Deferred Allowances | | | |
|--|-----------------|----------------------------|------------|
| Name | Position | Last Monthly Salary | Age |
| none | | | |

Tables

Table 8

| Employees Granted Deferred Allowances - Now Payable | | | |
|--|----------------------------|----------------------------|------------|
| Name | Position | Last Monthly Salary | Age |
| Behnsen, Gladys E. | Social Worker Level 3 | 3,297.00 | 60 |
| Bereti, Dianna M. | Professional Level 2 | 3,412.00 | 60 |
| Gellvear, Janice M. | Management Support Level 4 | 3,130.00 | 55 |
| Hingston, Allen R. | Management Level 7 | 5,357.00 | 60 |
| Morrison, Hugh | Research Officer Level 2 | 4,229.00 | 60 |
| Troesch, Linda M. | Office Manager Level 10 | 5,224.13 | 55 |

Table 9

| Employees Granted an Early Retirement Allowance | | | |
|--|-----------------|----------------------------|------------|
| Name | Position | Last Monthly Salary | Age |
| none | | | |

Table 10

| Deceased Employees | | | |
|---------------------------|----------------------------|----------------------------|------------|
| Name | Position | Last Monthly Salary | Age |
| Cottin, Gustave | Grounds Maintenance Worker | 2,389.84 | 64 |
| Motelaga, Fred J | Equipment Operator Level 5 | 3,188.69 | 59 |
| Taylor, Walter | Equipment Operator Level 5 | 4,369.16 | 55 |

Management's Report

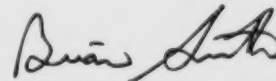
To the Members of the Legislative Assembly of Saskatchewan

Administration of the Plan is presently assigned to the Public Employees Benefits Agency of the Ministry of Finance. Management is responsible for financial administration and administration of the Funds and fund assets.

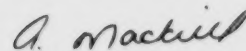
The financial statements which follow have been prepared by management in conformity with Canadian generally accepted accounting principles. Management uses internal controls and exercises its best judgment in order that the financial statements fairly reflect the financial position of the Plan.

The accrued pension benefits are determined by an actuarial valuation. Actuarial valuation reports require best judgment in order that the financial statements reflect fairly the financial position of the Plan.

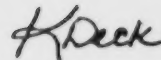
The financial statements have been audited by the Provincial Auditor whose report follows.



Brian Smith
Assistant Deputy Minister
Public Employees Benefits Agency



Ann Mackrill
Director, Pension Programs
Public Employees Benefits Agency



Kathy Deck
Director, Financial Services
Public Employees Benefits Agency

Regina, Saskatchewan
May 20, 2008

Actuary's Opinion

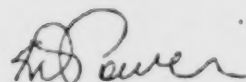
Eckler Ltd. was retained by the Public Service Superannuation Board (the Board) to perform actuarial valuations of the accrued pension benefits of the Public Service Superannuation Plan, including the Public Service Superannuation Fund, the Anti-Tuberculosis League Employees Superannuation Fund, and the Saskatchewan Transportation Company Employees Superannuation Fund (the Plan) on an accounting basis as at December 31, 2005. Eckler Ltd. was further retained to extrapolate the results of these valuations to March 31, 2006, March 31, 2007, and March 31, 2008.

The actuarial valuations and extrapolations were based on:

- Membership data provided by the Board as at December 31, 2005;
- Asset data provided by the Board as at March 31, 2008;
- Methods prescribed by The Canadian Institute of Chartered Accountants for pension plan financial statements; and
- Assumptions about future events (economic and demographic) which were developed by management and Eckler Ltd. and are considered as management's best estimate of these events.

While the actuarial assumptions used to estimate the present value of the accrued pension benefits for the Plan's financial statements contained in the Annual Report represent management's best estimate of future events, and while in our opinion these assumptions are not unreasonable, the Plan's future experience will differ from the actuarial assumptions. Emerging experience differing from the assumptions will result in gains or losses that will be revealed in future valuations, and will affect the financial position of the Plan.

We have tested the data for reasonableness and consistency with prior valuations and in our opinion the data are sufficient and reliable for the purposes of the valuations and extrapolations. Our opinions have been given and our valuations and extrapolations have been performed in accordance with accepted actuarial practice.



K. Dawn Power, FSA, FCIA
Eckler Ltd.

May 20, 2008

Public Service Superannuation Board

Public Service Superannuation Plan

Financial Statements

Year Ended March 31, 2008

Auditor's Report

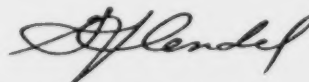
To the Members of the Legislative Assembly of Saskatchewan

I have audited the statement of net assets available for benefits, accrued pension benefits and unfunded liability of the Public Service Superannuation Plan as at March 31, 2008 and the statements of changes in net assets available for benefits, and changes in accrued pension benefits for the year then ended. The Plan's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the net assets available for benefits, accrued pension benefits and unfunded liability of the Plan as at March 31, 2008 and the changes in net assets available for benefits and accrued pension benefits for the year then ended in accordance with Canadian generally accepted accounting principles.

Regina, Saskatchewan
May 20, 2008



Fred Wendel, CMA, CA
Provincial Auditor

Public Service Superannuation Plan
Statement of Net Assets Available for Benefits, Accrued
Pension Benefits and Unfunded Liability

Statement 1

As At March 31

| | Anti-Tuberculosis League Employees Superannuation Fund | | Sask Transportation Company Employees Superannuation Fund | | Public Service Superannuation Fund | | Total | |
|---|---|---------|--|----------|---------------------------------------|-------------|-------------|-------------|
| | (000's) | | (000's) | | (000's) | | (000's) | |
| | 2008 | 2007 | 2008 | 2007 | 2008 | 2007 | 2008 | 2007 |
| ASSETS | | | | | | | | |
| INVESTMENTS: (Note 3) | | | | | | | | |
| Pooled funds | \$ - | \$ - | \$12,725 | \$14,786 | \$ - | \$ - | \$12,725 | \$14,786 |
| RECEIVABLES: | | | | | | | | |
| Due from General Revenue Fund (Note 5) | - | - | 6 | 9 | - | - | 6 | 9 |
| Employees' contributions | - | 1 | 2 | 1 | 324 | 335 | 326 | 337 |
| Employers' contributions | - | 1 | 2 | 1 | 31 | 48 | 33 | 50 |
| Other receivables | 3 | 5 | - | - | 13 | 10 | 16 | 15 |
| Total assets | 3 | 7 | 12,735 | 14,797 | 368 | 393 | 13,106 | 15,197 |
| LIABILITIES | | | | | | | | |
| Contributions payable to General Revenue Fund | - | - | - | - | 285 | 248 | 285 | 248 |
| Accounts payable and accrued liabilities | 3 | 7 | 10 | 8 | 83 | 145 | 96 | 160 |
| Total liabilities | 3 | 7 | 10 | 8 | 368 | 393 | 381 | 408 |
| NET ASSETS AVAILABLE FOR BENEFITS (Statement 2) | - | - | 12,725 | 14,789 | - | - | 12,725 | 14,789 |
| Accrued pension benefits (Statement 3) | 3,763 | 4,049 | 27,758 | 27,846 | 1,909,437 | 1,854,824 | 1,940,958 | 1,886,719 |
| Unfunded liability | \$3,763 | \$4,049 | \$15,033 | \$13,057 | \$1,909,437 | \$1,854,824 | \$1,928,233 | \$1,871,930 |

(See accompanying notes to the financial statements)

Public Service Superannuation Plan
Statement of Changes in Net Assets Available for Benefits

Statement 2

Year Ended March 31

| | Anti-Tuberculosis League Employees Superannuation Fund | | Sask Transportation Company Employees Superannuation Fund | | Public Service Superannuation Fund | | Total | |
|--|---|------|--|----------|---------------------------------------|---------|----------|----------|
| | (000's) | | (000's) | | (000's) | | (000's) | |
| | 2008 | 2007 | 2008 | 2007 | 2008 | 2007 | 2008 | 2007 |
| INCREASE IN ASSETS: | | | | | | | | |
| Investment income | | | | | | | | |
| Distributions-Pooled Funds (Note 3) | \$ - | \$ - | \$ 779 | \$ 816 | \$ - | \$ - | \$ 779 | \$ 816 |
| Increase in Market value (Note 2) | - | - | - | 482 | - | - | - | 482 |
| Contributions (Note 6) | | | | | | | | |
| Employees' | - | 4 | 26 | 28 | 3,735 | 4,224 | 3,761 | 4,256 |
| Employers' | - | 4 | 26 | 28 | 973 | 1,098 | 999 | 1,130 |
| | - | 8 | 52 | 56 | 4,708 | 5,322 | 4,760 | 5,386 |
| Deficiency contribution from General Revenue Fund (Note 6) | 555 | 583 | - | - | 103,082 | 100,054 | 103,637 | 100,637 |
| Total increase in assets | 555 | 591 | 831 | 1,354 | 107,790 | 105,376 | 109,176 | 107,321 |
| DECREASE IN ASSETS: | | | | | | | | |
| Administration expense (Note 7) | 14 | 13 | 59 | 57 | - | - | 73 | 70 |
| Decrease in Market Value (Note 2) | - | - | 568 | - | - | - | 568 | - |
| Superannuation allowances | 541 | 578 | 2,138 | 2,178 | 106,701 | 103,722 | 109,380 | 106,478 |
| Refunds and transfers | - | - | 130 | - | 1,089 | 1,654 | 1,219 | 1,654 |
| Total decrease in assets | 555 | 591 | 2,895 | 2,235 | 107,790 | 105,376 | 111,240 | 108,202 |
| Net decrease in assets | - | - | (2,064) | (881) | - | - | (2,064) | (881) |
| NET ASSETS AVAILABLE FOR BENEFITS, BEGINNING OF YEAR | - | - | 14,789 | 15,670 | - | - | 14,789 | 15,670 |
| NET ASSETS AVAILABLE FOR BENEFITS, END OF YEAR (Statement 1) | \$ - | \$ - | \$12,725 | \$14,789 | \$ - | \$ - | \$12,725 | \$14,789 |

(See accompanying notes to the financial statements)

Public Service Superannuation Plan
Statement of Changes in Accrued Pension Benefits

Statement 3

Year Ended March 31

| | Anti-Tuberculosis League Employees Superannuation Fund | | Sask Transportation Company Employees Superannuation Fund | | Public Service Superannuation Fund | | Total | |
|---|---|---------|--|----------|---------------------------------------|-------------|-------------|-------------|
| | (000's) | | (000's) | | (000's) | | (000's) | |
| | 2008 | 2007 | 2008 | 2007 | 2008 | 2007 | 2008 | 2007 |
| ACCRUED PENSION BENEFITS, beginning of year | \$4,049 | \$4,286 | \$27,846 | \$27,283 | \$1,854,824 | \$1,759,491 | \$1,886,719 | \$1,791,060 |
| INCREASE IN ACCRUED PENSION BENEFITS | | | | | | | | |
| Benefit improvement | - | 122 | - | 1,276 | - | 93,960 | - | 95,358 |
| Change in discount rate assumption (Note 4) | 58 | - | 670 | - | 50,818 | - | 51,546 | - |
| Interest on accrued pension benefits | 188 | 200 | 1,338 | 1,313 | 90,502 | 85,819 | 92,028 | 87,332 |
| Benefits accrued | - | 15 | 119 | 118 | 18,227 | 19,135 | 18,346 | 19,268 |
| Net experience loss (Note 4) | 9 | 4 | 53 | 34 | 2,856 | 1,795 | 2,918 | 1,833 |
| | 255 | 341 | 2,180 | 2,741 | 162,403 | 200,709 | 164,838 | 203,791 |
| DECREASE IN ACCRUED PENSION BENEFITS | | | | | | | | |
| Benefits paid | 541 | 578 | 2,268 | 2,178 | 107,790 | 105,376 | 110,599 | 108,132 |
| | 541 | 578 | 2,268 | 2,178 | 107,790 | 105,376 | 110,599 | 108,132 |
| ACCRUED PENSION BENEFITS, end of year (Statement 1) | \$3,763 | \$4,049 | \$27,758 | \$27,846 | \$1,909,437 | \$1,854,824 | \$1,940,958 | \$1,886,719 |

(See accompanying notes to the financial statements)

Public Service Superannuation Plan Notes to the Financial Statements

March 31, 2008

1. Description of the Plan

a) General

The Public Service Superannuation Board (Board) administers the funds that make up the Public Service Superannuation Plan (Plan). Day-to-day administration is provided by the Public Employees Benefits Agency (PEBA).

The Plan is a defined benefit final average pension plan. Plan details are contained in *The Public Service Superannuation Act* and *The Superannuation (Supplementary Provisions) Act*. The three main components of the Plan are described as follows:

i) Anti-Tuberculosis League Employees Superannuation Fund

The Anti-Tuberculosis League Employees Superannuation Fund (AntiTB Fund) was established under provisions of an amendment to *The Public Service Superannuation Act*, effective April 1, 1979.

ii) Saskatchewan Transportation Company Employees Superannuation Fund

The Saskatchewan Transportation Company Employees Superannuation Fund (STC Fund) was established by an amendment to *The Public Service Superannuation Act*, effective April 1, 1981. The STC Fund accumulates contributions of employees of the Saskatchewan Transportation Company as of March 31, 1981 and any investment income.

iii) Public Service Superannuation Fund

Members of the Public Service Superannuation Fund (PSSF) include those public service employees who were employed prior to October 1, 1977 and did not elect to transfer to the Public Employees Pension Plan prior to October 1, 1978.

b) Funding Policy

Members contribute at the rate of 7%, 8% or 9% of salary depending on their age at the date of commencement of employment. Contributions are reduced by an amount equal to deemed Canada Pension Plan contributions.

Certain employers are required to match employees' contributions in respect of current service.

c) Retirement

Normal retirement is at age 65. Members may retire earlier under certain conditions.

d) Pensions

Annual pensions are calculated as 2% of a member's average salary during the five years of highest salary, multiplied by the total number of years of service to a maximum of 35. At age 65, members' pensions are reduced due to integration with the Canada Pension Plan.

2. Significant Accounting Policies

The financial statements are prepared in accordance with Canadian generally accepted accounting principles. The following accounting policies are considered significant.

a) Investments

Pooled funds are recorded based on the net asset value per unit of the underlying investments, normally the quoted current bid price.

The change in the market value of investments during the year is reflected on the financial statements as a market value adjustment.

b) Investment Transactions

Investment transactions are recorded on the trade date. Transactions conducted in foreign currencies are translated into Canadian dollars using the exchange rate in effect at the transaction date. Distribution income is recognized on the record date. Monetary items denominated in foreign currency are translated at the exchange rate in effect at year end.

c) Recent Accounting Pronouncements

Effective April 1, 2008, the Plan will be required to adopt the Canadian Institute of Chartered Accountants (CICA) handbook sections 3862 – Financial Instruments – Disclosures, and 3863 – Financial Instruments – Presentation. Section 3862 provides standards for disclosure of the risks arising from financial instruments to which the Plan is exposed, and how the risks are managed by the Plan. Section 3863 provides standards for the presentation of financial instruments and non-financial instrument derivatives. The Plan does not expect the adoption of these new standards to have a material impact on its financial statements.

3. Investments - STC Fund

Due to the long-term horizon of the Fund's liabilities, the Fund takes a long-term investment perspective. The strategy employed to achieve these objectives is to invest cash flows from contributions and investment returns into pooled funds.

a) Interest Rate Risk

Interest rate risk refers to the adverse consequences of interest rate changes on the Fund's cash flows, financial position and income. This risk arises from differences in the timing and amount of cash flows related to the Fund's assets and liabilities. The value of the Fund's pooled funds are affected by short-term changes in nominal interest rates and equity markets. Interest rate risk is managed by investing in a fixed income pooled fund that varies the duration of fixed term securities.

b) Credit Risk

Credit risk arises from the potential for an investee to fail or for an issuer to default on its contractual obligations to the Fund. The Fund limits the credit risk by dealing with issuers that are considered to be high quality.

c) Foreign Currency Risk

Foreign currency exposure arises from the Fund holding investments denominated in currencies other than the Canadian dollar. Fluctuations in the relative value of the Canadian dollar against these foreign currencies can result in a positive or negative effect on the value of investments. The Fund limits the foreign currency risk by limiting the investment in foreign funds to 30% of the assets.

d) Market Risk

Market risk is the risk that the value of an investment will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual investment, or factors affecting all securities traded in the market. The Board's policy is to invest in a diversified portfolio of investments, based on criteria established in the Statement of Investment Policies and Goals.

Pooled Funds

Foreign equities including foreign pooled funds are limited to 30% of the cost of the investment portfolio and are denominated in Canadian dollars. The Fund's units in pooled funds have no fixed interest rate and the returns are based on the success of the fund manager. The Fund's pooled funds are comprised of the following:

| | Units Held | | % of Total Units | | Market Value | | Investment Income and Change in Market Value | |
|--------------------------------|------------|------|------------------|------|-----------------|-----------------|--|----------------|
| | 2008 | 2007 | 2008 | 2007 | 2008 | 2007 | 2008 | 2007 |
| | (000's) | | | | (000's) | | (000's) | |
| Greystone Fixed Income Fund | 700 | 865 | 1.61 | 2.25 | \$ 7,247 | \$ 8,847 | \$ 374 | \$ 531 |
| Greystone Canadian Equity Fund | 64 | 68 | 0.13 | 0.20 | 1,754 | 2,074 | 67 | 363 |
| Greystone EAFE Plus Fund | 135 | 120 | 0.08 | 0.10 | 1,279 | 1,507 | (172) | 289 |
| Greystone US Equity Fund | 115 | 121 | 0.96 | 1.47 | 1,290 | 1,487 | (112) | 83 |
| Greystone Money Market Fund | 115 | 87 | 0.66 | 0.91 | 1,155 | 871 | 54 | 32 |
| | | | | | <u>\$12,725</u> | <u>\$14,786</u> | <u>\$ 211</u> | <u>\$1,298</u> |

The Greystone EAFE Plus Fund holds units in the Greystone EAFE Quantitative Fund and the Greystone EAFE Growth Fund. These funds may use derivative financial instruments such as foreign currency forward exchange contracts and future contracts for hedging foreign currency and replicating indexes.

Derivative financial instruments are financial contracts that change in value resulting from changes in underlying assets or indices. Derivatives transactions are conducted in over-the-counter markets directly between two counterparties or on regulated exchange markets. All derivative financial instruments are recorded at market value using market prices. Where market prices are not readily available, other valuation techniques are used to determine market value.

4. Obligation for Accrued Pension Benefits

An actuarial valuation was performed as at December 31, 2005 by Eckler Ltd., a firm of consulting actuaries, the results of which were extrapolated by them to March 31, 2006, March 31, 2007 and

March 31, 2008. The actuaries used the projected benefit method prorated on service to determine the actuarial present value of the pensions accrued in respect of service to the valuation date. The value of the accrued pension benefits is based on a number of assumptions about the future events including: salary escalation rate, inflation rate, discount rate, mortality, retirements and terminations. The actual results may vary significantly from the long-term assumptions used.

Significant long-term actuarial assumptions used in determining the accrued pension benefits were:

| | 2008 | 2007 |
|------------------------|-----------------------------|-----------------------------|
| Salary escalation rate | 3.50% | 3.50% |
| Inflation rate | 2.50% | 2.50% |
| Discount rate | 4.75% | 5.00% |
| Mortality table | 1994 UP (projected to 2015) | 1994 UP (projected to 2015) |
| Indexing | 1.75% (70% CPI) | 1.75% (70% CPI) |

The experience loss resulted from the pension increase at April 1, 2008 being 1.99% rather than the 1.75% expected. The increase in liabilities due to the change in assumptions was a result of the discount rate being changed to 4.75% from 5.00%.

The following illustrates the effect on the accrued pension benefits of changing the estimated rates of inflation, salary escalation and discount rate.

Long-term Assumptions

| Effect on Liability Assumptions | Inflation* | | Salary** | | Discount Rate** | |
|---------------------------------|------------|-------|----------|--------|-----------------|-------|
| | 3.50% | 1.50% | 4.50% | 2.50% | 5.75% | 3.75% |
| AntiTB (decrease) increase | (3.2%) | 3.4% | 0.0% | (0.0%) | (6.2%) | 7.0% |
| STC (decrease) increase | (4.1%) | 4.3% | 0.3% | (0.3%) | (9.2%) | 11.0% |
| PSSF (decrease) increase | (4.1%) | 4.3% | 0.8% | (0.7%) | (10.5%) | 12.7% |

* A 1% change in the inflation rate has a corresponding change in the interest rate and salary rate of 1% and in the post-retirement indexing of 0.7%.

** The effects of a change in the salary and discount rates are considered separately from the effects of any other change

The Superannuation (Supplementary Provisions) Act was amended on March 27, 2007. The amendment provides indexing to superannuates each April 1 based upon 70% of the year over year increase in the Consumer Price Index and replaces the ad hoc indexing provided in prior years.

5. Due from General Revenue Fund

The STC Fund and the AntiTB Fund bank accounts are included in the Consolidated Offset Bank Concentration arrangement for the Government of Saskatchewan.

Each Fund's earned interest is calculated and paid by the General Revenue Fund on a quarterly basis using the Government's thirty-day borrowing rate and the Fund's average daily bank account balance. The Government's average thirty-day borrowing rate in 2007/2008 was 4.08% (2006/2007 – 4.15%).

6. Deficiency Contribution from the General Revenue Fund

Under Section 40 of *The Public Service Superannuation Act*, all funds received by the Board for the PSSF are recorded as revenue of the General Revenue Fund. No funds are set aside for the payment of future benefits. All allowances and other payments are made out of the General Revenue Fund. The transactions relating to employers' and employees' contributions, superannuation allowances and refunds and transfers are recorded in these financial statements for accountability purposes.

Any deficiency of allowances and other payments over employers' and employees' contributions are recorded as a Deficiency Contribution from the General Revenue Fund. The administration costs of the PSSF are borne by the General Revenue Fund (see Note 7).

Subsections 60.1(12) and 60.2(13) of *The Public Service Superannuation Act* states that if there is insufficient money in the STC Fund and the AntiTB Fund to pay allowances or make other payments, the Minister of Finance is obligated to pay any such deficiency out of the General Revenue Fund.

7. Related Party Transactions

a) Administration

- i) The annual operating expenditures associated with the administration of the STC Fund and AntiTB Fund are paid to the Public Employees Benefits Agency Revolving Fund except for investment management fees incurred for the STC Fund which are paid directly to Greystone Capital Management Inc.

| | 2008 (000's) | | | | | | 2007 (000's) | | |
|----------------------------|--------------|--------|--------|--------|--------|--------|--------------|------|-------|
| | AntiTB | | STC | | Total | | AntiTB | STC | Total |
| | Budget | Actual | Budget | Actual | Budget | Actual | | | |
| Administration costs | \$20 | \$14 | \$48 | \$33 | \$68 | \$47 | \$13 | \$29 | \$42 |
| Investment management fees | - | - | - | 26 | - | 26 | - | 28 | 28 |
| | \$20 | \$14 | \$48 | \$59 | \$68 | \$73 | \$13 | \$57 | \$70 |

ii) Public Service Superannuation Fund (PSSF)

In accordance with subsection 3(3) of *The Public Service Superannuation Act*, all general administrative and employee costs required for the administration of the PSSF are paid out of the General Revenue Fund. Accordingly, no provision for these costs is included in these financial statements. Administration costs for the year were \$1,194,150 (2007 - \$947,812).

8. Fair Value of Financial Assets and Financial Liabilities

For the following financial instruments, the fair value approximates their carrying value due to the immediate or short-term nature of these instruments. These financial instruments are interest and non-interest bearing and are due or payable within the next year.

Due to this short-term maturity, the fair value of these financial instruments approximates their carrying value.

- a) Due from General Revenue Fund (GRF)
- b) Employees' contributions receivable, employers' contributions receivable, and other receivables
- c) Contributions payable to GRF, accounts payable and accrued liabilities

For investments, fair values are considered to be market value, the calculation of which is described in Note 2.

The accrued pension benefits are long-term in nature and there is no market for settling these obligations. Therefore, it is not practicable to determine the fair value of the accrued pension benefits with sufficient reliability (see Note 4).

9. Investment Performance - STC Fund

The investment manager makes day-to-day decisions on whether to buy or sell investments in order to achieve the long-term performance objectives set by the Board. The Board reviews the investment performance of the Fund in terms of the performance of the benchmark portfolio over four year rolling periods. The primary long-term investment performance objective for the entire portfolio is to outperform a benchmark portfolio.

The following is a summary of the Fund's investment performance:

| | <u>2008</u> | <u>Rolling Four Year Average Annual Return</u> |
|----------------------------------|-------------|--|
| Fund's actual rate of return (a) | 1.57% | 7.09% |
| Target rate of return (b) | 1.26% | 6.21% |

- (a) The annual returns are before deducting investment expenses.
- (b) The Fund's target rate of return for its investment portfolio (return on the benchmark portfolio) has been determined using the actual returns of the market indexes such as the Toronto Stock Exchange Capped Composite Index, the S&P 500 Index, the Morgan Stanley Capital International Europe Australia Far East Index and the DEX Universe Bond Index.

10. Cash Flow Forecast

The total cash inflows are the amount of contributions expected to be received by the pension plan. The total cash outflows are the amounts required to pay all accrued pension benefits. The forecast of cash inflows and outflows have been determined using the long-term assumptions outlined in Note 4. The expected net cash flows are not adjusted for inflation, they are based on actual dollar forecasts.

The cash required for PSSF is the amount by which the cash outflows exceed cash inflows and is forecast to the end of the year 2038.

| Year | Cash Inflows (000's) | Cash Outflows (000's) | Cash Required (000's) |
|-----------------------------|-------------------------------------|--------------------------------------|--------------------------------------|
| 2008-2009 | \$2,667 | \$114,593 | \$111,926 |
| 2009-2010 | 2,072 | 119,061 | 116,989 |
| 2010-2011 | 1,483 | 124,400 | 122,917 |
| 2011-2012 | 860 | 129,999 | 129,139 |
| 2012-2013 | 365 | 134,515 | 134,150 |
| Total within 5 years | \$7,447 | \$622,568 | \$615,121 |
| Total 5 - 10 years | \$542 | \$661,290 | \$660,748 |
| Total 11 - 30 years | \$32 | \$1,905,900 | \$1,905,868 |

The estimated net cash outflows for the AntiTB Fund for the next 5 years is \$2.2 million, for the next 10 years \$3.6 million and for the next 30 years \$5.3 million. The estimated net cash outflows for the STC Fund for the next 5 years is \$10.8 million, for the next 10 years \$20.9 million, and for the next 30 years \$45.8 million. The net cash outflows for the STC Fund do not consider future investment income and the redemption of investments.

11. Prior year balances

Certain prior year balances have been reclassified to conform with the current year's financial statement presentation.

Appendix 'A'

PSSP Performance Standards April 1, 2007 to March 31, 2008

| Task | Completed Year to Date | Number that Meet or Exceed Standard | % that Meet or Exceed Standard | Standard (days) |
|------------------------------------|---------------------------|--|--------------------------------------|--------------------|
| Statement on Termination | 0 | 0 | n/a | 60 |
| Payments | 1 | 1 | 100% | 14 |
| Retirements | 166 | 161 | 97% | 30 |
| Deaths | 221 | 188 | 85.10% | 30 |
| Pension Estimates | 385 | 332 | 86.20% | 60 |
| Marriage Breakdown Calculations | 4 | 2 | 50% | 45 |
| Reciprocal Transfer Values | 0 | 0 | n/a | 30 |
| Purchase of Service | 20 | 9 | 45% | 30 |
| General Inquiries | 111 | 102 | 91.90% | 14 |
| Total | 908 | 795 | 87.60% | |

Table 1.3

Appendix 'B'

Description of Market Indices

S&P/TSX Composite Index

Effective May 1, 2002, the TSE 300 index is now known as the S&P/TSX Composite Index. The index comprises approximately 71 per cent of market capitalization for Canadian-based, Toronto Stock Exchange listed companies. It is calculated on a float market capitalization and is the broadest Canadian equity index available. The index also serves as the premier benchmark for Canadian pension funds and mutual market funds.

S&P/TSX Capped Composite Index

S&P/TSX CPMS Cap 10 Index is a capitalization-weighted index comprised of all of the stocks included in the S&P/TSX Composite Index. The float capitalization weight of any stock that exceeds 10% of the S&P/TSX Composite Index is capped at 10% of the CPMS Cap 10 Index on a daily basis.

S&P 500

Standard & Poor's 500 Composite Stock Index consists of the largest 500 companies in the United States chosen for market size, liquidity and industry group representation. It is a market-value weighted index, with each stock's weight in the index proportionate to its market value. For the purposes of this report, the S&P Index returns are converted from U.S. dollars into Canadian dollars and, therefore, reflect currency gains or losses.

MSCI EAFE

Morgan Stanley Capital International Europe, Australia and Far East Index is a widely recognized benchmark of non-U.S. stock markets. It is an unmanaged index composed of a sample of companies representative of the market structure of 21 European and Pacific Basin Countries and includes reinvestment of all dividends. This index aims to capture 85% of the free float adjusted market capitalization in each industry group in each country. Individuals cannot invest directly in an index. The index is computed on a float-based capitalization.

DEX Universe Bond Index

Formerly the SC Universe Bond Index, the DEX Universe Bond Index covers all marketable Canadian bonds with term to maturity of more than one year. The Universe contains over 900 marketable Canadian bonds with an average term of 9 years and an average duration of 5.5 years. The purpose of the index is to reflect the performance of the broad "Canadian Bond Market" in a similar manner to the S&P/TSX Composite Index.

DEX 91-Day T-Bill Index

Canada Treasury Bills represent the highest quality short-term instruments available. The index is constructed by selling and repurchasing Government of Canada T-Bills with an average term to maturity of 91 days. The DEX 91-Day T Bill Index is calculated and marked to market daily. Prior to June 2007, it was known as the SC 91-Day Treasury Bond Index.



